

The complaint

Miss T complains that National Westminster Bank Public Limited Company (NatWest) irresponsibly lent to her.

What happened

Miss T was approved for a NatWest credit card in April 2023, with a £4,200 credit limit. Miss T says that this was irresponsibly lent to her. Miss T made a complaint to NatWest, who did not uphold her complaint. NatWest said that they were unable to agree they acted irresponsibly. Miss T brought her complaint to our service.

Our investigator did not uphold Miss T's complaint. He said that he wasn't persuaded that NatWest made an unfair lending decision. Miss T asked for an ombudsman to review her complaint. She made a number of points. In summary, she said that NatWest's affordability assessment wasn't proportionate. She said that a material proportion of the income relied upon was freelance income, and subject to tax.

Miss T said proportionate checks would identify a foreseeable risk that the credit would not be sustainably affordable for her. Miss T said that while her financial circumstances may have deteriorated after the lending, this did not negate NatWest's requirement to assess affordability in a way that reflected income volatility and the long term nature of revolving credit.

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Firstly, I'm aware that I've only summarised Miss T's complaint points. And I'm not going to respond to every single point made by her. No discourtesy is intended by this. It simply reflects the informal nature of our service as a free alternative to the courts. If there's something I haven't mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual point to be able to reach what I think is a fair outcome.

I'm aware that Miss T has brought complaints to our service about other products she held around the same time as the NatWest credit card, and she's told us another company upheld her irresponsible lending complaint about a credit card she opened with them in the same week that this NatWest credit card was approved. But I must be clear to Miss T that our service considers each separate complaint on its own merits, and it doesn't automatically follow that because other complaints are upheld that this complaint would be upheld, as I need to see what checks NatWest completed for this lending decision, if they were proportionate, and if I'm persuaded they made a fair lending decision or not.

Before agreeing to approve the credit available to Miss T, NatWest needed to make proportionate checks to determine whether the credit was affordable and sustainable for her. There's no prescribed list of checks a lender should make. But the kind of things I expect lenders to consider include - but are not limited to: the type and amount of credit, the

borrower's income and credit history, the amount and frequency of repayments, as well as the consumer's personal circumstances. I've listed below what checks NatWest have done and whether I'm persuaded these checks were proportionate.

NatWest used information from Miss T and a Credit Reference Agency (CRA) prior to accepting her application. Miss T had declared a net monthly income of £3,500 a month. It's not clear why Miss T declared this amount of income if it was not correct. As she's told us she was self employed then it would be fair that her income would fluctuate, but it would be reasonable for her to give an average of her income.

Miss T did not tell NatWest on the application that she was self employed. She told them she was employed, and she gave them the name of her employer. So I can't fairly say that NatWest should have been aware Miss T's income may fluctuate based on the information she declared on her application. It's also important to say that while Miss T may have banked with NatWest, it would not be proportionate for them to manually review her bank account for the purpose of verifying this information.

I say this because NatWest didn't just take Miss T's word for her income and leave it at that. They were able to verify her income through Current Account Turnover (CATO), which is an industry standard way of assessing income. So as NatWest did complete a further check here, it would not have been proportionate for NatWest to reach out to Miss T to ask her what her income was, when she had already declared this, or ask for payslips/manually review her bank statements.

The CRA reported to NatWest that Miss T had no defaulted accounts, and no County Court Judgements (CCJ's). She was showing as having no accounts in arrears at the time of the checks or the six months prior to the checks.

The CRA reported that Miss T had no new accounts opened in the three months prior to her application, so although Miss T has said she opened a credit card with another company in the same week, this either was after this application, or the CRA hadn't been updated yet (as it will typically take 4-6 weeks for a credit file to update), but either way, NatWest couldn't have known this.

Miss T's active unsecured debt was showing as being £8,900, therefore NatWest calculated Miss T's debt to gross annual income as being 17%. The credit card limit that was approved for Miss T would be 8% of what her declared income would be if it was a gross annual income.

NatWest also completed an affordability assessment which used modelling (an industry standard way of estimating outgoings), and information from the CRA regarding Miss T's monthly credit commitments. The affordability assessment showed that Miss T had enough disposable income in order to make sustainable and affordable repayments for a £4,200 credit limit.

I've considered what Miss T has said regarding what her bank statement would have shown if NatWest would have viewed them. I will take her word for what she's told us. But as the checks showed no adverse credit information, no recent accounts being opened, and a healthy disposable income in order to make sustainable and affordable repayments to the account (even ignoring any promotional period), then it wouldn't have been proportionate for NatWest to have completed a manual audit of her accounts.

And I'm not persuaded that NatWest could foresee Miss T's future financial difficulty, or income volatility when she had declared she was employed, and not self employed. So I'm persuaded that NatWest's checks were proportionate, and they made a fair lending decision

to approve the account, and to provide Miss T with a £4,200 credit limit.

I've also considered whether the relationship might have been unfair under s.140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I can't conclude that NatWest lent irresponsibly to Miss T or otherwise treated her unfairly in relation to this matter. I haven't seen anything to suggest that Section 140A would, given the facts of this complaint, lead to a different outcome here.

My final decision

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss T to accept or reject my decision before 4 March 2026.

Gregory Sloanes
Ombudsman